Revision in subsidy on kerosene

146. SHRIMATI S.G. INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that cases of adulteration of kerosene were reported in many parts of the country;

(b) whether it is also a fact that difference in price between subsidized and non-subsidized kerosene is the cause for adulteration; and

(c) whether Government are considering to make any cut in subsidies for kerosene?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The possibility of adulteration of petrol/diesel by some unscrupulous elements cannot be ruled out due to the huge price difference between petrol/diesel and various adulterants available in the market and the easy miscibility of these products with petrol/diesel. Generally, diesel is adulterated with kerosene. The retail selling prices of diesel and PDS kerosene in Delhi are Rs.32.25/litre and Rs.9.05/litre respectively.

(c) In order to formulate a long-term pricing policy, the Government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister to examine different aspects of pricing and taxation of petroleum products with a view to stabilizing/rationalizing their prices, keeping in view the financial position of the oil companies, the investment needed in the sector, the need to conserve petroleum products, and establishing a transparent mechanism for the autonomous adjustment of prices by the oil companies. The Committee submitted it s report on 17.2.2006.

The Government has accepted in principle the recommendation of Dr. Rangarajan Committee Report regarding restricting the heavily subsidized PDS kerosene to BPL families only.